

HOUSE BILL 3361

By Fitzhugh

AN ACT to amend Tennessee Code Annotated, Title 8,
Chapter 25, Part 1, relative to deferred or tax-
sheltered compensation programs for state
officers and employees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 8, Chapter 25, Part 1, is amended by
adding the following as a new appropriately designated section:

8-25-1____. Notwithstanding any provision of the law to the contrary, the chair of the consolidated retirement board, with the concurrence of the commissioner of finance and administration, has the authority to implement an automatic deferred or tax-sheltered compensation plan. Such plan shall provide that any person who becomes a full-time state employee on or after the implementation date of the plan, including a full-time employee of an institution of higher education, who is eligible to participate in one of the deferred or tax-sheltered compensation plans established pursuant to parts 1 or 3 of this chapter shall participate in at least one of such plans as a condition of employment, unless such person files with that person's employer a notice of that person's election not to participate. Any notice of non-election shall be made on a form prescribed by the chair of the consolidated retirement board and must be filed with that person's employer by no later than thirty (30) calendar days from the date that person becomes a state employee. Any such person who does not file a notice of non-election within the prescribed period must select the plan or plans in which such person desires to participate and the investment option or options in which such person's contributions are to be directed. Should such person fail to select a plan, the person shall be enrolled in the state's salary reduction plan established in part 3 of this chapter with a salary deferral of twenty dollars (\$20.00) per month, or if paid twice a month, ten dollars (\$10.00) per pay period. Should such person fail to select an investment option in which such person's

contributions are to be directed, the person's contributions shall be directed to such default option as shall be established by the chair of the consolidated retirement board.

Notwithstanding any provision of this section or any other law to the contrary, future deferrals may be cancelled or adjusted at any time by a participating employee provided the employee notifies that employee's employer on a form prescribed by the chair of the consolidated retirement board at least one month before the payday on which the cancellation or change is to be effective.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. The provisions of this act shall be subject to the funding being provided in the general appropriations act.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.